



Tourism & Events Department  
 7506 E Indian School Rd  
 Scottsdale, Arizona 85251  
 480.312.7177  
[www.scottsdaleaz.gov](http://www.scottsdaleaz.gov)

**To: Steve Geiogamah, Tourism Development Manager**  
**From: Paul Basha, Transportation Director, Transportation Department**  
**Date: October 16, 2018**  
**Subject: Scottsdale Sky Harbor Connection Results**

### **Recommendation**

No recommendation or requested action, information only.

### **History**

At the November 21, 2017 Tourism Development Commission meeting, per the Transportation Department recommendation, the Commission recommended to the City Council to dedicate \$300,000 to subsidize three ride-share companies for three trip types. The three companies were Uber, Lyft, and Z-Trip (ExecuCar). The three trip purposes were trips from Sky Harbor Airport to Scottsdale hotels, trips from Scottsdale hotels to Sky Harbor Airport, and trips between two locations in the City of Scottsdale.

At the December 5, 2017 City Council meeting, the City Council approved the \$300,000 expenditure commitment to the proposed subsidy agreements with the three ride-share companies.

The ride-share subsidy program began on January 25, 2018 with Lyft. The ride-share subsidy program with ExecuCar began on January 30, 2018. The ride-share subsidy program with Uber was authorized on January 30, 2018; though Uber did not begin providing the service until April 2018.

### **Results**

**Table 1** provides the actual total riders, city expenditure, and city cost-per-rider data from the three companies.

**Table 1: Sky Harbor Scottsdale Ride-Share Subsidy Statistics**

<u>Company</u>	<u>Riders</u>	<u>City Expenditure</u>	<u>Cost per Rider</u>
Uber	12,326	\$100,000	\$8.11
Lyft	5,200	\$52,700	\$9.25
ExecuCar	6	\$60	\$10.00

Lyft promoted the code to more than 175,000 of their existing customers in approximately 50 metropolitan areas throughout the United States and some selected locations in Canada and Mexico. Lyft only allowed the code to be used if the Lyft passenger received the code directly from Lyft. Lyft recognized the intent of the program was to increase travel to Scottsdale from travelers outside metropolitan Phoenix, and their program conformed to this intent.

Uber allowed the code to be used, whether or not the passenger requested the code use, for any Uber passenger from a residence outside the Phoenix metropolitan area, with one trip-end in Scottsdale and the other trip end at Sky Harbor Airport, or any non-metropolitan Phoenix resident Uber passenger traveling between two locations in Scottsdale.

Lyft provided additional information for their passengers who used the City of Scottsdale subsidy. **Table 2** provides the highest ten residences for their City of Scottsdale subsidized riders. These riders represent 93% of the riders who utilized the ride-share subsidy.

**Table 2: Lyft Ridership Statistics**

<u>Lyft Designated Area</u>	<u>Riders</u>
Los Angeles	891
San Francisco	827
Las Vegas	579
Chicago	537
San Diego	444
New York City	415
Denver	379
Orange County	318
Seattle	227
Miami	224

### **Lessons Learned**

One operational difficulty arose. All riders who used the Lyft program were notified of the subsidy via their personal e-mail or cell phone. Some of these riders then attempted to use a company credit card to pay for their ride and use the subsidy code. However, Lyft was strict that only notified customers could use the code. The credit card connected to their Lyft membership is typically their personal credit card. Therefore, riders using their company credit card rather than their personal credit card were initially denied use of the subsidy code. This difficulty was resolved sometimes by the rider simply not using the subsidy code, and sometimes by voice or electronic conversation with Lyft to verify the subsidy code use.

If the City of Scottsdale elects to provide a similar program in the future, the contract(s) should include the following:

1. Direct ride-share company notification of the subsidy to City-of-Scottsdale-selected identified markets.
2. Only riders who have received prior notification from the ride-share provider can receive the subsidy.
3. Detailed aggregate data on the residences, origins, and destinations of the riders who use the subsidy provided to the City of Scottsdale.
4. The City of Scottsdale subsidy to the ride-share companies competitively determined through the proposal process.

### **Future Intentions**

In the December 5, 2017 Council Report requesting the funding authorization, four possibilities were suggested for a future program:

1. Requesting the continuation of the trial period.
2. Requesting the continuation of the trial period with modifications.
3. Developing a formal Request For Proposals.
4. Terminating the program.

We will not be continuing the trial program. We will not be offering a similar program for fall 2018 and spring 2019. Our current intention is to develop a Request For Proposals or Request For Qualifications, or Request For Interest solicitation to ride-share and transportation companies. More companies than the three contracted for the trial period may be interested in the program. The Request For Proposals should be broadly written to allow the submitting companies the opportunity to provide services that directly respond to the program intent. The program intent is to encourage people considering travel to Scottsdale, with doubts regarding transportation between Scottsdale and Sky Harbor Airport, to visit Scottsdale. After receiving the proposals, the City of Scottsdale can then decide if one or more of the submittals would be a beneficial program.

### **Attachments:**

November 21, 2017 Memorandum to Tourism Development Commission  
November 21, 2017 Tourism Development Commission Marked Agenda  
December 5, 2017 City Council Report



Tourism and Events Department  
7506 E Indian School Rd  
Scottsdale, Arizona 85251

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**To: Steve Geiogamah, Tourism Development Manager**  
**From: Paul Basha, Transportation Director, Transportation Department**  
**Date: November 21, 2017**  
**Subject: Scottsdale Sky Harbor Connection**

**Recommendation**

The Transportation Department recommends:

A FY 2017/18 Tourism Development Fund operating contingency transfer in the amount of \$300,000 to the Transportation Department operating budget for use in supporting the Scottsdale Sky Harbor Connection Program.

**History**

The City Council-approved five-year tourism strategic plan recommends a direct transportation connection between Phoenix Sky Harbor International Airport and the City of Scottsdale. Transportation is important to the tourism industry as both visitors to Scottsdale and the City of Scottsdale wish visitors to travel to various businesses and events during their stay. A need exists to provide Scottsdale visitors direct transportation from Sky Harbor International Airport to Scottsdale, and to better serve visitors within the City of Scottsdale.

In the 2015 STR DestinationMAP (Volume I) research with meeting planners, 45 percent of all respondents considered local transportation “very important” as a factor in their site selection. This is an increase from 30 percent in 2013. In the same study (Volume II), out of the top 40 markets, Scottsdale’s local transportation ranked No. 36; a decrease from No. 32 in 2013. And out of Scottsdale’s competitive set of Las Vegas, Orlando, Phoenix, and San Diego; Scottsdale’s local transportation was ranked last. In addition, Experience Scottsdale in partnership with SMARI, a marketing research company, conducted consumer research in 2015 for a new destination brand. The research revealed that visitors perceive Scottsdale’s public transportation and walkability less positive than Scottsdale’s residents. In addition, Scottsdale’s competitors (Palm Springs, Austin, San Diego, Las Vegas, Miami, Santa Fe, San Antonio, and Phoenix) are perceived to have better public transportation and walkability than Scottsdale.

For the past several months, various ideas to provide a direct connection between Sky Harbor and Scottsdale were discussed with the Tourism Advisory Task Force and the Transportation Commission, and with representatives of the Transportation Department, the Tourism and Events Department, the Economic Development Department, the Procurement Department, and the City Manager’s Office.

These ideas included direct regular service city trolleys from Sky Harbor International Airport to Scottsdale. One option was to incorporate these trolleys into existing trolley routes. A second option was to use these trolleys to provide direct service to hotels. Another option was a regular service Sky Harbor International Airport to Scottsdale trolley route to leased property for a multi-company rental car facility perhaps located at the intersection of 64<sup>th</sup> Street and McDowell Road, or another area on or near the McDowell Road corridor, or the Loloma School parking area. Another concept was to subsidize hotel shuttle routes. None of these ideas were satisfactory for several reasons including costs, logistics, equity, and procurement.

After several months of deliberation, an idea was developed to use a process similar to our Cab Connection process, using private ride-sharing companies instead of cab companies. The concept is to allow people to use Uber, Lyft, or Z-Trip with a partial City reimbursement to travel from Sky Harbor International Airport to a hotel in Scottsdale.

The original concept included a Request For Proposals process. This concept would ensure equity and allow private companies to determine and provide the service details. However, the City of Scottsdale has limited expertise with ride share to provide sufficient detail in developing a meaningful Request For Proposals. The effort to acquire the necessary expertise would have required considerable resources and time. It was suggested that a six to twelve month trial program be pursued. This trial period would assess the program viability and would allow the city to gain experience in the event a future Request For Proposals process is necessary or appropriate.

This program is a partnership among several City of Scottsdale departments, Experience Scottsdale, and three transportation vendors. All those involved in this project believe it will be an innovative, low-cost, flexible, easily-implemented, and if necessary easily-terminated, solution. Utilizing existing private transportation providers will facilitate transportation between Sky Harbor International Airport and the City of Scottsdale, as well as travel between both origins and destinations within the City of Scottsdale. This program would have a substantially lower cost than the estimated cost of other transportation options.

This program should:

- **Improve perceptions about Scottsdale's transportation:** Scottsdale often receives criticisms from visitors and meeting planners regarding limited transportation options. This program provides increased transportation options in Scottsdale.
- **Enhance the visitor arrival experience:** This program would change the arrival experience. Currently visitors arriving at Sky Harbor wishing to rent a car to travel to Scottsdale, must board an airport bus and travel west through an industrial area to the Rental Car Facility, then return travel east through much of the same industrial area to arrive in Scottsdale. With this program, a Scottsdale visitor could arrange for a ride-share at Sky Harbor, then be driven directly to Scottsdale through either Papago Park or on freeways with views of the McDowell Mountains and Tempe Towne Lake. Their destination could be to a hotel where, if they desire, they could rent a car for all or part of their visit.
- **Increase sales tax for Scottsdale:** Visitors preferring to rent a car could do so from the convenience of their hotel. The City of Scottsdale would collect the sales tax. Visitors would benefit from the lower car rental tax rate.
- **Garner positive media coverage:** A unique program that addresses a current visitor concern and improves visitor experience would gain the community positive attention.
- **Showcase Scottsdale as innovative:** As other communities invest in expensive high capacity transit options with lengthy planning processes and construction periods, this program allows our community to offer convenient transportation quickly and at a substantially lower cost, without disruption to local businesses.
- **Reduce parking issues in downtown:** Visitors using the program to travel to downtown Scottsdale will not utilize parking spaces.

This proposed concept with a funding request was formally presented to the Tourism Advisory Task Force at its 1 November 2017 meeting. The request was unanimously approved by the quorum present (8-0).

### **Analysis & Assessment**

Currently the City of Scottsdale Transportation Department administers a program of vouchers for its Cab Connection program. This program subsidizes travel for people certified as physically unable to use conventional bus or trolley routes. Riders are provided a paper voucher which is then given to the cab drivers. The cab companies submit monthly invoices to the City of Scottsdale, which are then verified and paid. The city pays 80% of each trip to a maximum of \$10 per trip, and the maximum vouchers per person is 16 per month. Five cab companies participate in the program.

The Scottsdale Sky Harbor Connection program would utilize a similar process, except smart phones would be used instead of paper vouchers. A visitor would utilize a code for transportation from Sky Harbor International Airport to a Scottsdale destination, or from a Scottsdale origin to Sky Harbor International Airport, or between an origin and destination both within the City of Scottsdale. Confirmation of only these three trip types would occur through "geo-fencing" which is commonly utilized by ride-share companies.

To receive reimbursement through this program, each ride-share company would provide the city a monthly invoice report detailing each trip with its origin and destination, and the reimbursement amount. This information will ensure program requirements are satisfied, while also providing valuable data for an eventual long-term program, should the trial program prove successful.

The maximum city payment would be \$10 per trip with a maximum of two trips in six months. The intent is to limit visitors to two trips in six months. However, ride-share companies might not be willing to provide traveler identity to the city. Therefore the maximum trips could become two per ride-share company or six total trips in six months. Also recognized is that groups of two or more individuals could each separately use their code which would increase the number of trips for reimbursement by a specific individual.

Each transportation provider will receive a maximum reimbursement amount to ensure the total City costs remain within budget. Allotted reimbursement amounts will be rebalanced during the program as necessary to ensure maximum program participation.

A six-month trial period is envisioned from January to June 2018. The total budget would be \$300,000. This cost was estimated based on Scottsdale specific data including hotel occupancy, air travelers, stay length, party size, redemption rates for similar programs, and transportation costs.

Traditional buses and trolleys in Scottsdale are funded by federal and regional grants and local sales-taxes paid by both residents and visitors. The transportation services are then provided to bus riders for an additional fee and to trolley riders for free. The proposed trial program would be funded by the Transient Occupancy Tax which is paid only by visitors.

Other communities have implemented transportation solutions with ride-sharing companies, although none are as comprehensive as this trial program.

- Mountain View, California enacted a ride-sharing credit to incentivize travelers to ride share rather than drive and park in downtown.
- Pinellas Park, Florida, a suburb of Tampa, eliminated two bus routes by paying a portion of Uber rides. Riders on certain routes receive a 50 percent discount for rides with a maximum subsidy per ride.
- A similar partnership exists between Lyft and Centennial, Colorado.
- In Altamonte Springs, Florida, the city pays for 20 percent of any Uber ride within city limits.

Experience Scottsdale will support this trial by helping to promote the program through various channels as part of their current program. In addition, the program will be promoted via Scottsdale hotels to registered guests and via other visitor-focused Scottsdale businesses. The transportation providers also will support this program through their own direct marketing.

Another option for the City of Scottsdale would be a direct trolley route connecting Scottsdale to Sky Harbor International Airport. This route would most likely serve specific Scottsdale destinations and therefore would likely not include all Scottsdale hotels. The route would need to operate 365 days-per-year, a minimum of twenty minutes-per-hour and twelve hours-per-day. The cost for this service is estimated to be \$1 million to \$4 million annually. It would also require the purchase of three vehicles at a total cost of approximately \$2.5 million. Passenger facilities would also be necessary in Scottsdale. Therefore, the ride-share trial program is substantially less expensive while providing greater response and flexibility for visitors.

### **Potentially Available Funds**

The City Treasurer's Office has estimated FY 2017/18 Transient Occupancy Tax revenue at \$19.4 million. Fifty percent of the total Transient Occupancy Tax revenue derived from the Transient Occupancy Tax, per voter approval, is used for destination marketing to promote tourism (estimated at \$9.7 million), and the remaining fifty percent is allocated among tourism research, support for tourism-driven events, tourism-related capital projects, and other eligible uses. The estimated FY 2017/18 undesignated, unreserved ending Tourism Development Fund balance, including Council approved ongoing debt and expenses, is \$12.1 million.

The Transportation Department would administer the program within its current budget and personnel, and will collaborate with the Tourism and Events Department, and Experience Scottsdale.

### **Recommendation**

The Transportation Department recommends that the Tourism Development Commission recommend a FY 2017/18 Tourism Development Fund operating contingency transfer in the amount of \$300,000 to the Transportation Department operating budget for use in supporting the Scottsdale Sky Harbor Connection Program.

The Transportation Department intends to present this recommendation to the City Council at their meeting of 5 December 2017.

# SKY HARBOR TO SCOTTSDALE CONNECTION





# LOW SURVEY RATINGS

- LOCAL TRANSPORTATION
- PUBLIC TRANSPORTATION AND WALKABILITY

# POOR VISITOR TO SCOTTSDALE

## AIRPORT EXPERIENCE

- NO SCOTTSDALE INFORMATION
- BUS EAST TO RENTAL CAR FACILITY
- DRIVE WEST TO SCOTTSDALE

# PREVIOUS IDEAS

## TROLLEY ROUTE: SKY HARBOR TO SCOTTSDALE

- SCOTTSDALE RENTAL CAR FACILITY
- HOTELS



# PREVIOUS IDEA

## REQUEST FOR PROPOSALS

## RIDE-SHARE AND OTHERS

# RECOMMENDATION

- SIX-MONTH TRIAL PERIOD
- THREE PROVIDERS
  - UBER
  - LYFT
  - Z-TRIP



# RECOMMENDATION

- FROM SKY HARBOR TO SCOTTSDALE HOTEL
- FROM SCOTTSDALE HOTEL TO SKY HARBOR
- BETWEEN TWO SCOTTSDALE LOCATIONS
- TWO TRIPS PER PERSON IN SIX MONTHS
- MAXIMUM OF \$10 PER TRIP

# PROCESS SIMILAR TO CAB CONNECTION

# SIMILAR PROGRAMS

- MOUNTAIN VIEW, CALIFORNIA
- PINELLAS PARK, FLORIDA
- CENTENNIAL, COLORADO
- ALTAMONTA SPRINGS, FLORIDA







**City of Scottsdale  
Tourism Development Commission  
Regular Meeting**

8:00 a.m., Tuesday, November 21, 2017

Kiva Forum-City Hall

3939 N. Drinkwater Boulevard

Scottsdale, Arizona 85251

**Marked Agenda**

**1. Call to Order/Roll Call – 8:02AM**

David Scholefield, Chairperson

Carl Grupp

David Winter

Linda Dillenbeck, Vice-Chairperson

Frank Ashmore

Camille Hill-**ABSENT**

Ken McKenzie

**2. Approval of Minutes**

Commission discussion and action to approve the October 17, 2017 regular meeting minutes.

**COMMISSIONER MCKENZIE MOVED TO APPROVE THE OCTOBER 17, 2017 REGULAR MEETING MINUTES AS AMENDED. COMMISSIONER ASHMORE SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0).**

**3. Scottsdale Culinary Event Support Funding Proposal**

Presentation, Commission discussion and possible recommendation regarding allocation of Tourism Development Funds in the amount of \$75,000 in support of the Scottsdale Culinary three-year event funding proposal.

Presenter: Traci Thompson, General Manager, Scottsdale League for the Arts

Staff Contact: Steve Geiogamah

**COMMISSIONER MCKENZIE MOVED TO RECOMMEND FUNDING IN THE AMOUNT OF \$75,000 ANNUALLY FOR THREE YEARS FROM EVENT DEVELOPMENT FUNDS. COMMISSIONER WINTER SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0).**

**4. Work-Study Agenda Review**

Commission discussion and possible recommendation regarding the draft agenda for scheduled December TDC work study session.

Staff Contact: Steve Geiogamah

**5. Experience Scottsdale First Quarter Performance Measures Report**

Presentation, Commission discussion and possible recommendations regarding Experience Scottsdale first quarter report.

Rachel Pearson, Experience Scottsdale, Vice President of Community & Government Affairs

Staff Contact: Steve Geiogamah



Persons with a disability may request a reasonable accommodation by contacting Holli Shannon at 480-312-2728. Requests should be made 24 hours in advance, or as early as possible, to allow time to arrange the accommodation. For TTY users, the Arizona Relay Service (1-800-367-8939) may contact Tourism & Events Department at 480-312-7177.

6. [Scottsdale Stadium Update](#)

Presentation, Commission discussion and possible recommendation regarding the Scottsdale Stadium master plan.

Staff Contact: Bill Murphy, Community Service Director

7. [Transportation Update](#)

Presentation, Commission discussion and possible recommendation regarding tourism related city transportation program elements.

Staff Contact: Paul Basha, Transportation Director

8. [Transportation –Sky Harbor Connection](#)

Presentation, Commission discussion and possible recommendation regarding allocating tourism development funds in the amount of \$300,000 toward enhancing transportation connection between the city and Sky Harbor Airport.

Rachel Pearson, Experience Scottsdale, Vice President of Community & Government Affairs

Staff Contact: Paul Basha, Transportation Director

**VICE CHAIR DILLENBECK MOVED TO RECOMMEND FUNDING IN THE AMOUNT OF \$300,000 TOWARD THE SKY HARBOR CONNECTION. COMMISSIONER ASHMORE SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0).**

9. [Event Funding Program Recommendations](#)

Commission discussion and recommendations on the following application for event funding:

- a. Rock n Roll Marathon

Staff Contact: Steve Geiogamah

**VICE CHAIR DILLENBECK MOVED TO SUPPORT THE EVENT AS PRESENTED. COMMISSIONER MCKENZIE SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0).**

10. [Staff Reports](#)

Staff presentation and Commission discussion of the following:

- a. Staff Bed-Tax Collection Report
- b. Staff Bed Tax Hotel Classification Report
- c. Bed Tax Proforma
- d. Smith Travel Report
- e. Lodging Regional Report
- f. Program Updates
  - 1. Scottsdazzle and Canal Convergence Events
  - 2. Desert Edge City Council November 6 Work-study Session
  - 3. Downtown 2.0 (Downtown Economic Feasibility Study)

Staff Contact: Steve Geiogamah



**11. Public Comment**

The public may address the Commission regarding any issue within the Commission's purview. If you wish to address the Commission, please complete a comment card and provide it to the Chair or to a staff member. Speakers are limited to three minutes during Public Comment time. Arizona State law prohibits the Commission from discussing or taking action on an item that is not on the prepared agenda. In addition, the Chair may invite comments from the public on any agenda item.

**SOLANGE WHITEHEAD MADE A PUBLIC COMMENT REGARDING THE DESERT EDGE PROJECT.**

**12. Identification of Future Agenda Items**

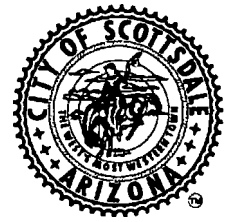
The public body may not discuss, deliberate, or take legal action on any matter in the "Identification of Future Agenda Items" unless the specific matter is properly noticed for legal action.

**Adjournment - 10:17**

**Next scheduled regular meeting is December 12, 2017**



# CITY COUNCIL REPORT



Meeting Date: December 5, 2017  
General Plan Element: *Economic Vitality*  
General Plan Goal: *Sustain Scottsdale as a tourist destination*

## ACTION

Adopt Resolution No. 10982 authorizing a FY 2017/18 Tourism Development Fund operating contingency transfer in the amount of \$300,000 to the Transportation Department operating budget to pay for a six month trial period of the Sky Harbor Connection Program.

## BACKGROUND

The City Council-approved five-year tourism strategic plan recommends a direct transportation connection between Phoenix Sky Harbor International Airport and the City of Scottsdale. Transportation is important to the tourism industry as both visitors to Scottsdale and the City of Scottsdale wish visitors to travel to various businesses and events during their stay. A need exists to provide Scottsdale visitors direct transportation from Sky Harbor Airport to Scottsdale, and to better serve visitors within the City of Scottsdale.

The 2015 Smith Travel Research Destination Meetings Assessment Program (an international data benchmarking, analytics, and marketplace insights organization) periodically publishes results of their research. Their 2015 Volume I research with meeting planners discovered that 45 percent of all respondents considered local transportation "very important" as a factor in their site selection. This is an increase from 30 percent in 2013. In the same study (Volume II), out of the top 40 markets, Scottsdale's local transportation ranked No. 36; a decrease from No. 32 in 2013. And out of Scottsdale's competitive set of Las Vegas, Orlando, Phoenix, and San Diego; Scottsdale's local transportation was ranked last. In addition, Experience Scottsdale, in partnership with Strategic Marketing and Research Insights, a travel marketing research company, conducted consumer research in 2015 for a new destination brand. The research discovered that visitors perceive Scottsdale's public transportation and walkability less positive than Scottsdale's residents. In addition, Scottsdale's competitors (Palm Springs, Austin, San Diego, Las Vegas, Miami, Santa Fe, San Antonio, and Phoenix) are perceived to have better public transportation and walkability than Scottsdale.

For the past several months, various ideas to provide a direct connection between Sky Harbor International Airport and Scottsdale were discussed with the Tourism Advisory Task Force and the Transportation Commission, and with representatives of the Transportation Department, the Tourism and Events Department, the Economic Development Department, the Procurement Department, and the City Manager's Office.

These ideas included direct regular service city trolleys from Sky Harbor International Airport to Scottsdale. One option was to incorporate these trolleys into existing trolley routes. A second option was to use trolleys to provide direct service to hotels. Another option was leasing property for a multi-company rental car facility perhaps located at the intersection of 64<sup>th</sup> Street and McDowell Road, or another area on or near the McDowell Road corridor, or the Loloma School parking area. Another concept was to subsidize hotel shuttle routes. None of these ideas were satisfactory for several reasons including costs, logistics, equity, and procurement.

After several months of deliberation, an idea was developed to use a process similar to our Cab Connection process using private ride-sharing companies instead of cab companies. The concept is to allow people to use Uber, Lyft, or Z-Trip with a partial City reimbursement to travel from Sky Harbor International Airport to a Scottsdale hotel, or from a Scottsdale hotel to Sky Harbor International Airport. This concept was expanded to include visitors to travel from an origin in Scottsdale to a destination in Scottsdale.

The original concept included a Request For Proposals process. This concept would ensure equity and allow private companies to determine and provide the service details. However, the City of Scottsdale has limited expertise with ride-share to provide sufficient detail in developing a meaningful Request For Proposals. The effort to acquire the necessary expertise would have required considerable resources and time. It was suggested that a six to twelve month trial program be pursued. (After further deliberation, it was determined that a six-month trial period which included the peak visitor months of January through March would be appropriate.) This trial period would assess the program viability and would allow the City to gain experience in the event a future Request For Proposals process is necessary or appropriate.

This program is a partnership among several City of Scottsdale departments, Experience Scottsdale, and three transportation vendors. All those involved in this project believe it would be an innovative, low-cost, flexible, easily-implemented, and if necessary easily-terminated, solution. Utilizing existing private transportation providers would facilitate transportation between Sky Harbor International Airport and the City of Scottsdale, as well as travel between both origins and destinations within the City of Scottsdale. This program would have a substantially lower cost than the estimated cost of other transportation options.

This program should:

- **Improve perceptions about Scottsdale's transportation:** Scottsdale often receives criticisms from visitors and meeting planners regarding limited transportation options. This program provides increased transportation options in Scottsdale.
- **Enhance the visitor arrival experience:** This program would change the arrival experience. Currently visitors arriving at Sky Harbor International Airport wishing to rent a car to travel to Scottsdale, must board an airport bus and travel west through an industrial area to the Rental Car Facility, then travel east through much of the same industrial area to arrive in Scottsdale. With this program, a Scottsdale visitor could arrange for a ride-share at Sky Harbor International Airport, then be driven directly to Scottsdale through either Papago Park or on freeways with views of Tempe Towne Lake and the McDowell Mountains. Their destination would be their hotel where, if they desire, they could rent a car for all or part of their visit.

- **Increase sales tax for Scottsdale:** Visitors preferring to rent a car could do so from the convenience of their hotel. The City of Scottsdale would collect the sales tax. Visitors would benefit from the lower car rental tax rate in Scottsdale compared to Sky Harbor International Airport.
- **Garner positive media coverage:** A unique program that addresses a current visitor concern and improves visitor experience would gain the community positive attention.
- **Showcase Scottsdale as innovative:** As other communities invest in expensive high capacity transit options with lengthy planning processes and construction periods, this program allows our community to offer convenient transportation quickly and at a substantially lower cost, without disruption to local businesses.
- **Reduce parking issues in downtown:** Visitors using the program to travel to downtown Scottsdale would not utilize parking spaces.

This proposed concept with a funding request was formally presented to the Tourism Advisory Task Force at its November 1, 2017 meeting. The request was unanimously approved by the quorum present (8-0).

The proposed concept will also be discussed at the November 21, 2017 Tourism Development Commission meeting. The results of this discussion and the Tourism Development Commission recommendation will be provided to the City Council prior to the December 5, 2017 council meeting.

## **ANALYSIS & ASSESSMENT**

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Currently the City of Scottsdale Transportation Department administers a program of vouchers for its Cab Connection program. This program subsidizes travel for people certified as physically unable to use conventional bus or trolley routes. Riders are provided a paper voucher which is then given to the cab drivers. The cab companies submit monthly invoices to the City of Scottsdale, which are then verified and paid. The city pays 80% of each trip to a maximum of \$10 per trip, with the maximum number of vouchers per person at 16 per month. Five cab companies participate in the program.

The Scottsdale Sky Harbor Connection program would utilize a similar process, except smart phones would be used instead of paper vouchers. A visitor would utilize a code for transportation from Sky Harbor International Airport to a Scottsdale hotel, or from a Scottsdale hotel to Sky Harbor International Airport, or between an origin and destination both within the City of Scottsdale. Confirmation of only these three trip types would occur through “geo-fencing” which is commonly utilized by ride-share companies.

To receive reimbursement through this program, each ride-share company would provide the city a monthly invoice report detailing each trip with its origin and destination, and the reimbursement amount. This information will ensure program requirements are satisfied, while also providing valuable data for an eventual long-term program, should the trial program prove successful.

The maximum city payment would be \$10 per trip with a maximum of two trips in six months. The intent is to limit visitors to two trips in six months. However, ride-share companies might not be

willing to provide traveler identity to the city. Therefore the maximum trips could become two per ride-share company or six total trips in six months. Also recognized is that groups of two or more individuals could each separately use their code which would increase the number of trips for reimbursement by a specific individual. One of the dominant purposes of the test period is to determine if the ride-share companies can restrict the program to Scottsdale visitors and to two trips per six months.

Each transportation provider would receive a maximum reimbursement amount to ensure the total city costs remain within budget. Allotted reimbursement amounts would be rebalanced during the program as necessary to ensure maximum program visitor participation.

A six-month trial period is envisioned from January to June 2018. The total budget would be \$300,000. This cost was estimated based on Scottsdale specific data including hotel occupancy, air travelers, stay length, party size, redemption rates for similar programs, and transportation costs.

Traditional buses and trolleys in Scottsdale are funded by federal and regional grants and local sales-taxes paid by both residents and visitors. The transportation services are then provided to bus riders for an additional fee and to trolley riders for free. The proposed trial program would be funded by the Transient Occupancy Tax which is paid only by visitors.

Other communities have implemented transportation solutions with ride-sharing companies, although none are as comprehensive as this trial program.

- Mountain View, California enacted a ride-sharing credit to incentivize travelers to ride share rather than drive and park in downtown.
- Pinellas Park, Florida, a suburb of Tampa, eliminated two bus routes by paying a portion of Uber rides. Riders on certain routes receive a 50 percent discount for rides with a maximum subsidy per ride.
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- In Altamonte Springs, Florida, the city pays for 20 percent of any Uber ride within city limits.

Experience Scottsdale would support this trial by helping to promote the program through various channels as part of their current program. In addition, the program would be promoted via Scottsdale hotels to registered guests and via other visitor-focused Scottsdale businesses. The transportation providers also would support this program through their own direct marketing.

## **RESOURCE IMPACTS**

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The City Treasurer's Office has estimated FY 2017/18 Transient Occupancy Tax revenue at \$19.4 million. Fifty percent of the total Transient Occupancy Tax revenue derived from the Transient Occupancy Tax, per voter approval, is used for destination marketing to promote tourism (estimated at \$9.7 million), and the remaining fifty percent is allocated among tourism research, support for tourism-driven events, tourism-related capital projects, and other eligible uses. The estimated FY 2017/18 undesignated, unreserved ending Tourism Development Fund balance, including Council approved ongoing debt and expenses, is \$12.1 million.

**Workload Impact**

The Transportation Department would administer the program within its current budget and personnel, and would collaborate with the Tourism and Events Department, and Experience Scottsdale.

**OPTIONS & STAFF RECOMMENDATION**

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Another option for the City of Scottsdale would be a direct trolley route connecting Scottsdale to Sky Harbor International Airport. This route would most likely serve specific Scottsdale destinations and therefore would likely not include all Scottsdale hotels. The route would need to operate 365 days-per-year, a minimum frequency of twenty minutes and twelve hours-per-day. The cost for this service is estimated to be \$1 million to \$4 million annually. It would also require the purchase of three vehicles at a total cost of approximately \$2.5 million. Passenger facilities would also be necessary in Scottsdale. Therefore, the ride-share trial program is substantially less expensive while providing greater responsiveness and flexibility for visitors.

Prior to implementation of the trial period, a detailed written test plan would be prepared that would explain how the program would be evaluated. The test plan would be reviewed and approved by the Purchasing Director prior to beginning the trial period. Agreements with the three ride-share companies would be prepared by the City Attorney's Office and would be signed by the three ride-share companies prior to initiating the trial period. The Transportation Director would be the Contract Administrator for the trial period.

Prior to the end of the six-month trial period, the concept would be assessed. The Transportation Department, Tourism and Events Department, Economic development Department, Procurement Department, and City Manager's Office to discuss and develop a recommendation for a future program. Current possibilities include the following, recognizing that additional possibilities may be developed.

1. Requesting the continuation of the trial period.
2. Requesting the continuation of the trial period with modifications.
3. Developing a formal Request For Proposals.
4. Terminating the program.

The recommendation is to adopt Resolution No. 10982 authorizing a FY 2017/18 Tourism Development Fund operating contingency transfer in the amount of \$300,000 to the Transportation Department operating budget to pay for a six-month trial period of the Sky Harbor Connection Program.

**RESPONSIBLE DEPARTMENTS**

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Transportation, Tourism and Events

**STAFF CONTACT(S)**

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Paul Basha, Transportation Director, [pbasha@scottsdaleaz.gov](mailto:pbasha@scottsdaleaz.gov)

Karen Churchard, Tourism & Events Director, [kchurchard@scottsdaleaz.gov](mailto:kchurchard@scottsdaleaz.gov)



**APPROVED BY**

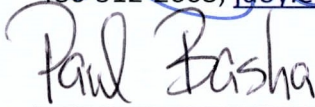
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Judy Doyle, Budget Director  
480-312-2603, [jdoyle@scottsdaleaz.gov](mailto:jdoyle@scottsdaleaz.gov)

11.16.17

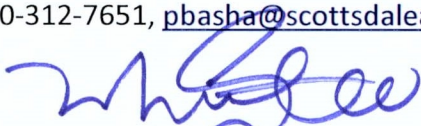
Date



Paul Basha, Transportation Director  
480-312-7651, [pbasha@scottsdaleaz.gov](mailto:pbasha@scottsdaleaz.gov)

16 November 2017

Date



Brent Stockwell, Assistant City Manager  
480-312-7288, [bstockwell@scottsdaleaz.gov](mailto:bstockwell@scottsdaleaz.gov)

11/16/17

Date



Jim Thompson, City Manager  
480-312-2811, [jthompson@scottsdaleaz.gov](mailto:jthompson@scottsdaleaz.gov)

11-16-17

Date

**ATTACHMENTS**

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1. Resolution No. 10982

RESOLUTION NO. 10982

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, AUTHORIZING A FY 2017/18 TOURISM DEVELOPMENT FUND OPERATING CONTINGENCY TRANSFER IN THE AMOUNT OF \$300,000 TO THE TRANSPORTATION DEPARTMENT OPERATING BUDGET TO PAY FOR A SIX-MONTH TRIAL PERIOD FOR THE SKY HARBOR CONNECTION PROGRAM.

WHEREAS, the City of Scottsdale wishes to establish the Sky Harbor Connection Program to provide electronic vouchers that can be used by an individual to pay for trips using Uber, Lyft or Z-Trip from a destination in Scottsdale to Sky Harbor International Airport, from Sky Harbor International Airport to a destination in Scottsdale, or for trips within Scottsdale.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Scottsdale follows:

Section 1. Authorization is given for a FY 2017/18 Tourism Development Fund Operating Contingency transfer in the amount of \$300,000 to the Transportation Department Operating budget to pay for a six-month trial period for the Sky Harbor Connection Program.

PASSED AND ADOPTED by the Council of the City of Scottsdale this \_\_\_\_ day of \_\_\_\_\_, 2017.

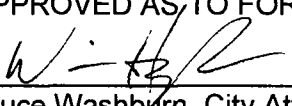
CITY OF SCOTTSDALE, an Arizona  
municipal corporation

ATTEST:

\_\_\_\_\_  
Carolyn Jagger, City Clerk

\_\_\_\_\_  
W.J. "Jim" Lane, Mayor

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Bruce Washburn, City Attorney  
By: William Hylan  
Senior Assistant City Attorney